

Economic decision-making in sports

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Abstract

The aim of this study is to carry out a microeconomic analysis of decision-making in specific sport situations and by that determine rationality of decision-makers. The objective is to discover, whether human decisions can be erroneous and in general contribute to better understanding of human decision-making process. The importance of decision-making in economics is described in the beginning throughout the use of terms such as homo economicus, preferences, and utility. The meaning of decision is emphasized in a sense of creating certain unique state. Next, a theoretical framework for pulling the goaltender in hockey was introduced using the expected utility theory and the model of situational risk preference. A problem with the ceteris paribus assumption in real-world situations was pointed out as well as the neglect of opportunity cost in decisions. Psychological explanations proved to be useful concerning football penalties, where the action bias and the right-oriented bias were identified. The action bias based on the norm theory can be particularly used also outside the sport decision-making field. The influence of rules was observed at last, possible injustice within the rules and the resulting changes in decision-making process. The conflict between economic and ethical incentives was also identified as a problem, which is obviously possible to transfer to non-sports decision-making.